

Assigned DOGM File No.: S 10471 085

DOGM Lead: Paul Baker

Permit Fee \$ 150.00 Ck # 1055

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Telephone: (801) 538-5291 Fax: (801) 359-3940

**NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS**

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

"Small Mining Operations" means mining operations which disturb five or less surface acres at any given time.

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**I. GENERAL INFORMATION (Rule R647-3-104)**

1. **Name of Mine:** Black Sands 47278
2. **Name of Entity Applying for Permit:** Black Sands Holding Co.  
**Contact (Authorized Officer):** Frank Ginton  
**Address:** 2939 S. Tamarac Street 3360 E. Russell Rd. Suite A  
**City, State, Zip:** Denver, CO 80231 Las Vegas NV 89120  
**Phone:** 303-803-2106 702-955-3444 **Fax:** 702-955-3447  
**E-mail Address:** fginton@comcast.net

Entity is a: Corporation (x) LLC ( ) Sole Proprietorship (dba) ( )  
Partnership ( ) General or limited  
Individual ( ) Other ( ) - specify type \_\_\_\_\_

**Entity must be registered (and maintain registration) with the State of Utah, Division of Corporations [www.commerce.utah.gov](http://www.commerce.utah.gov).**

Are you currently registered to do business in the State of Utah? ☒ Yes ☐ No

Entity # 6109979-0143

Local Business License # \_\_\_\_\_  
Issued by: County \_\_\_\_\_ or City \_\_\_\_\_

Registered Utah Agent (as identified with the Utah Department of Commerce):

Name: Jannette Cox  
Address: 68 N. 200 W  
City, State, Zip: Vernal, UT 84078  
Phone: 435-790-9936 Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

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3. **Entities Representative (if different from #2)**

Name: Alberto Santiesteban  
Address: PO Box 428  
City, State, Zip: Vernal, UT 84078  
Phone: 303-803-2219 Fax: 435-781-1350  
E-mail Address: santiestebR@aol.com

4. **If Partnership or Sole Proprietor:**  
**Name of 1<sup>st</sup> partner / Sole Proprietor:**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

**If Partnership:**

**Name of 2<sup>nd</sup> Partner:** \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

**If Corporation:**

**Name of Officers:** Frank Ginton Title: President  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Title: \_\_\_\_\_  
Title: \_\_\_\_\_  
Title: \_\_\_\_\_

**If Limited Liability Company:** Member Managed ☐ Manager Managed ☐

**Name of 1<sup>st</sup> Member/Manager:** \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

**Name of 2<sup>nd</sup> Member/Manager:** \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

**Name of 3<sup>rd</sup> Member/Manager:** \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

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5. **Ownership of Land Surface:**

Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☐  
State Trust Land/School Sections ☒ State Sovereign Lands ☐  
Other (please describe): \_\_\_\_\_

Name \_\_\_\_\_ Address \_\_\_\_\_  
Name \_\_\_\_\_ Address \_\_\_\_\_  
Name \_\_\_\_\_ Address \_\_\_\_\_  
Name \_\_\_\_\_ Address \_\_\_\_\_

6. **Ownership of Minerals:**

Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☐  
State Trust Land/School Sections ☒ State Sovereign Lands ☐  
Other (please describe): \_\_\_\_\_

Name \_\_\_\_\_ Address \_\_\_\_\_  
Name \_\_\_\_\_ Address \_\_\_\_\_  
Name \_\_\_\_\_ Address \_\_\_\_\_  
Name \_\_\_\_\_ Address \_\_\_\_\_

BLM Lease or Project File Number(s) and/or USFS assigned Project Number(s): \_\_\_\_\_

BLM Claim Numbers \_\_\_\_\_

Utah State Lease Number(s): ML 47278

Name of Lessee(s) Black Sands Holding Co. and Nevtah Capital Management Inc.

7. **Have the above surface and mineral owners been notified in writing?**

Yes X No \_\_\_\_\_

If no, why not? \_\_\_\_\_

*Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration **prior** to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.*

8. **Does the Entity have legal right to enter and conduct mining operations on the land covered by this notice?** Yes X No \_\_\_\_\_



II. **PROJECT LOCATION & MAP** (Rule R647-3-105)

1. **Project Location** (legal description):

County(ies): Uintah

W 1/2 ALL \_\_\_\_\_ Section: 36 Township: 4.0 S Range: 20.0 E  
W 1/2 E 1/2 \_\_\_\_\_ Section: 36 Township: 4.0 S Range: 20.0 E  
\_\_\_\_\_ 1/4, of \_\_\_\_\_ 1/4, of \_\_\_\_\_ 1/4: Section: \_\_\_\_\_ Township: \_\_\_\_\_ Range: \_\_\_\_\_

Lots 1(39,12), 2(39,38), 3(39,62), 4(39,88)

UTM East \_\_\_\_\_ (if known) UTM North \_\_\_\_\_ (If known)

Name of Quad Map for Location: Vernal NE NW

2. An accurate topographic base map showing the location of the proposed small mining operation must be submitted with this notice. The areas to be disturbed including access roads, must be plotted in sufficient detail so that they can be located on the ground. It is recommended that the Permittee / Operator also photo document, plot and label any pre-existing disturbances in the immediate vicinity that he is not responsible for.
3. The proposed (5 acre or less) disturbed area boundary (including access/haul roads) **should** be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

III. **OPERATION PLAN** (Rule R647-3-106)

1. **Type of mining:** Surface ☒ Underground ☐

2. **Mineral(s) to be mined:** Tar Sands

3. **Amount of material to be extracted, moved or proposed to be moved:** 50,000 yd

4. **Will any water, liquid chemicals, reagents, or other solutions be used, produced or discharged as part of the mining or milling process?**

Yes ☒ No ☐ If yes, please describe (add extra pages if needed)

Closed loop solvent (hexane) extraction system may or may not be employed on site. If not  
no chemicals, reagents or other chemicals will be used, produced or discharged.

5. **Provide a brief description of the proposed mining operation and onsite processing facilities** (add extra pages if necessary).

see attached Exhibit A

6. ☐ **New Road(s):** Length \_\_\_\_\_ (ft) Width \_\_\_\_\_ (ft)

7. ☐ **Improved Road(s):** Length \_\_\_\_\_ (ft) Width \_\_\_\_\_ (ft)



8. Total project surface acreage to be disturbed: 5.0 (acres) PLEASE SPECIFY EXACT ACREAGE - (this will be used to determine surety bond amount - see #VI).
9. Proposed startup date of project (month, year) May 15, 2006
10. Proposed completion date of project, if known (month, year) Unknown

**IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)**

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining. Please refer to The Practical Guide to Reclamation in Utah, available at [www.ogm.ut.gov](http://www.ogm.ut.gov).

1. Keep the mining operation in a safe, clean, and environmentally stable condition.
2. Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
3. Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.
4. Construct berms, fences, or barriers, when needed, above highwalls and excavations.
5. Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.
6. Remove all waste or debris from stream channels.
7. Dispose of any trash, scrap metal, wood, machinery, and buildings.
8. Conduct mining activities so as to minimize erosion and control sediment.
9. Reclaim all roads that are not part of a permanent transportation system.
10. Stockpile topsoil and suitable overburden prior to mining.
11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.
12. Properly prepare seedbed to a depth of six inches by poking, ripping, discing, or harrowing. Leave the surface rough.
13. Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)
14. Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.

**V. VARIANCE REQUEST (Rule R647-3-110)**

Any variance request must be approved in writing by the Division

Yes ☐ No ☒

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. Operation and Reclamation Practices Item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measure to be utilized. A variance shall be granted if the alternative method or measure proposed will be consistent with the Act.



1<sup>st</sup> Variance Requested

Item #

Applicable Rule # (i.e. R647-3-109.10 (if you did not want trenches & pits reclaimed)

Justification:

Alternate methods or measure to be utilized:

2<sup>nd</sup> Variance Requested

Item #

Applicable Rule #

Justification:

Alternate methods or measure to be utilized:

3<sup>rd</sup> Variance Requested

Item #

Applicable Rule #

Justification:

Alternate methods or measure to be utilized:

Attach additional page if more variances are requested.

VI. **SURETY** (Act 40-8-7(1)[c])

**A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations.**

The Utah Mined Land Reclamation Act (40-8-7 (1)[c] and 40-8-14 provides the authority that all mining operations furnish and maintain reasonable surety to guarantee that the land affected is reclaimed according to accepted *notices* consistent with on-site conditions.

The surety amount is based on the nature, extent and duration of operations. *The surety amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions.*

Surety for small mines sites will be escalated three (3) years to the future. Contact the Division for dollar amount required for this project.

I have provided or will provide surety in the form of:

☐ Certificate of Deposit    ☐ Letter of Credit    ☐ Surety Bond    ☒ Cash (certified funds)

☐ Other \_\_\_\_\_ (please identify)

VII. **PERMIT FEE** [Mined Land Reclamation Act 40-8-7(1)(i)]

The Utah Mined Land Reclamation Act of 1975 [40-8-7(1)(i)] provides the authority for the assessment of permitting fees. Commencing with the 1998 fiscal year (July 1 - June 30), permit fees are assessed to new and existing notices of intention, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.



**Small Mine Notices require a \$150.00 fee which must accompany this application or it cannot be processed by the Division.**

**NOTICE:** The following person(s) are authorized and designated to receive Notices of Violations, Cessation Orders and all other Notices required by the Division to be given to the permittee or operator:

Name: Frank Ginton  
Address: 2939 S. Tamarac Street  
City, State, Zip: Denver, CO 80231  
Phone: 303-803-2106 Fax: \_\_\_\_\_  
E-mail Address: fginton@comcast.net

Name: Alan Propp  
Address: 12324 E. Bates Circle  
City, State, Zip: Aurora, CO 80014  
Phone: 303-873-0441 Fax: \_\_\_\_\_  
E-mail Address: adpropp@comcast.net

#### **VIII. SIGNATURE REQUIREMENT**


**(Please check the box and place your initials on the line provided)**

- ☒ I have enclosed the required permit fee.
- ☒ I have enclosed a complete Reclamation Contract (Form MR-RC) and the appropriate reclamation surety amount or have made arrangements as to when the surety will be furnished.
- ☒ I understand that I am not authorized to create any surface disturbance until the surety amount is posted and approved in writing from the Division of Oil, Gas and Mining and any other authorized regulatory agency.

#### **CERTIFICATION**

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

- I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND
- I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.
- This certification must be executed by an executive officer if the applicant is a corporation; by a partner if applicant is a partnership (general or limited); owner if applicant is a sole proprietorship; member or manager if applicant is a limited liability company.**

Signature:  Date: 5-7-06  
Name (typed or printed): Frank Ginton  
Title/Position (if applicable): President

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**EXHIBIT A FOR BLACK SANDS HOLDING CO.**  
**SMALL MINING PERMIT 47278**  
**5-5-2006**

Black Sands Holding Co. proposes to mine tar sand from Utah Oil and Gas Lease ML 47278, located west of Vernal, Utah. Based on our research, the shallowest tar sands deposits on this lease appears to be located in the very northwest corner of Section 36. Core drilling will be conducted to verify the depth and location of the deposit, but we are quite confident that the small mine area proposed will be used.

ML 47278 is traversed by a county road. A bitumen extraction processing facility may be constructed very near this road. Some grading of the road will be required to make it serviceable for our purposes with additional grading to level out an area of roughly one acre to set up the facility if we do so, said area being located within the proposed small mine area. Attached you will find the topographic map with this road highlighted as well as the location of the proposed mine.

The facility utilizes either hexane or pentane as a solvent, both of which are environmentally benign. It is the same, semi-portable processing system that we had deployed on the Crown Asphalt site near Vernal, Utah that Paul Baker observed. It employs an extraction (mixing) chamber, a flash evaporator to recover the solvent, and a condenser to recycle the solvent, in addition to various small pumps. It is all remotely controlled and has been designed to operate completely pneumatically and hydraulically, thereby minimizing explosion hazard. The system is designed to completely recycle the solvent, leaving only trace amounts on the clean, output sand. The system also employs steam as a heat source, but the steam system is closed loop. Negligible amounts of native water may remain in the output sand, but the system does not produce waste water.

The entire processing system will be constructed within lined, bermed areas to minimize the chance of spills or other loss onto the ground of solvent, processed oil, or process water. The clean output sand will be also be stored in a lined berm until we are able to obtain analytical testing that the sand is acceptable for disposition as pit backfill. We are currently working with the Division of Water Quality to determine whether we need a Ground Water Discharge Permit or whether the facility can be permitted by rule. We will obtain whatever Water Discharge Permits are deemed necessary by the Division of Water Quality.

Stip mining will be conducted to extract the tar sand from the earth. Top soil will first be removed and stockpiled for later remediation of the site. Overburden, if any, will next be removed and stored for later replacement into the pit. Tar sand will then be removed and processed, and the cleaned sand will then be replaced in the pit.

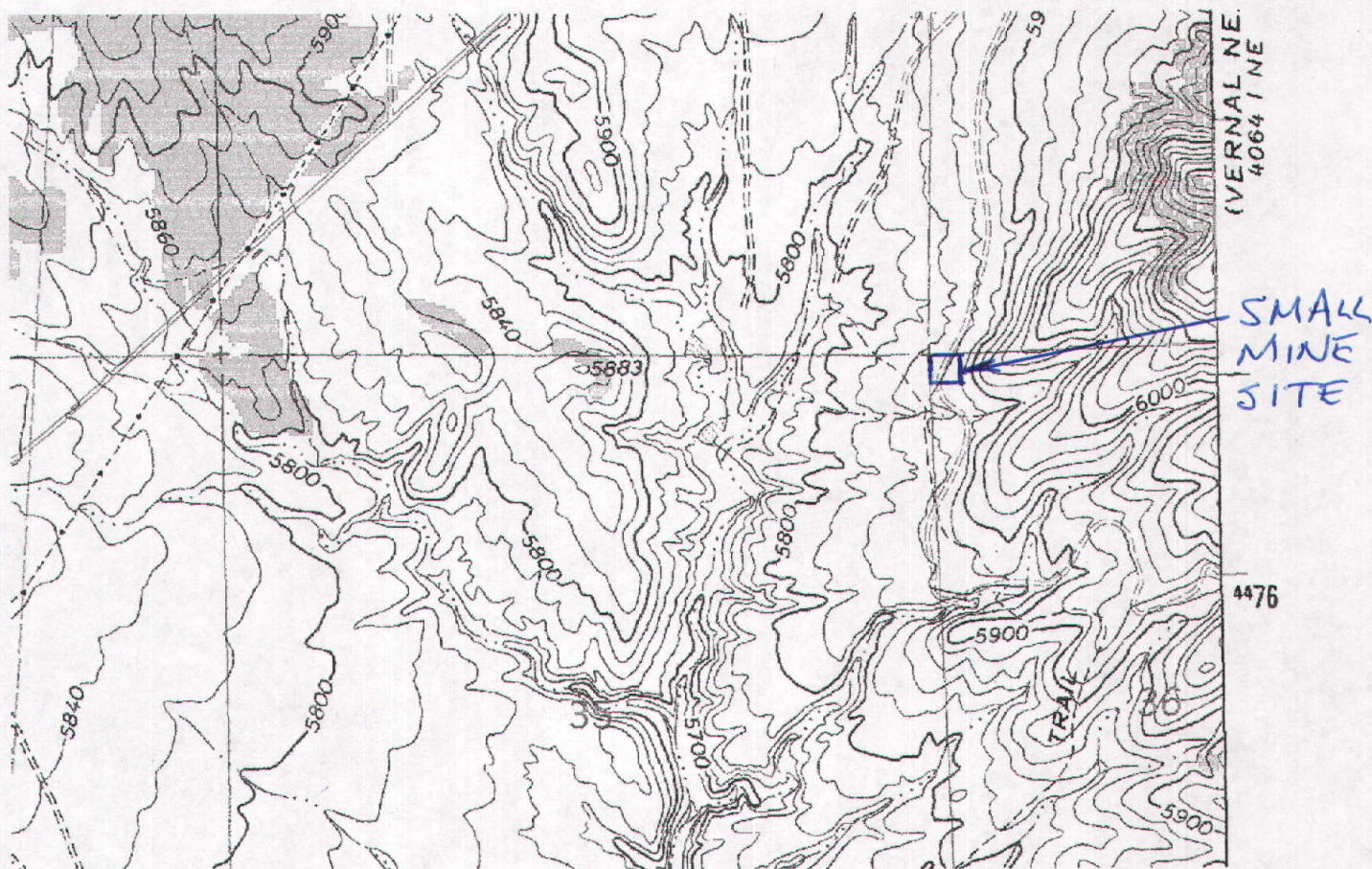
**APPROVED**

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BLACK SANDS 47278  
REFERENCE MAP



LEGAL DESCRIPTION

NW CORNER OF NW  $\frac{1}{4}$  NW  $\frac{1}{4}$  NW  $\frac{1}{4}$   
SECTION 36  
T4.05  
R20.0E.

Vernal NW Quad Map Crop I

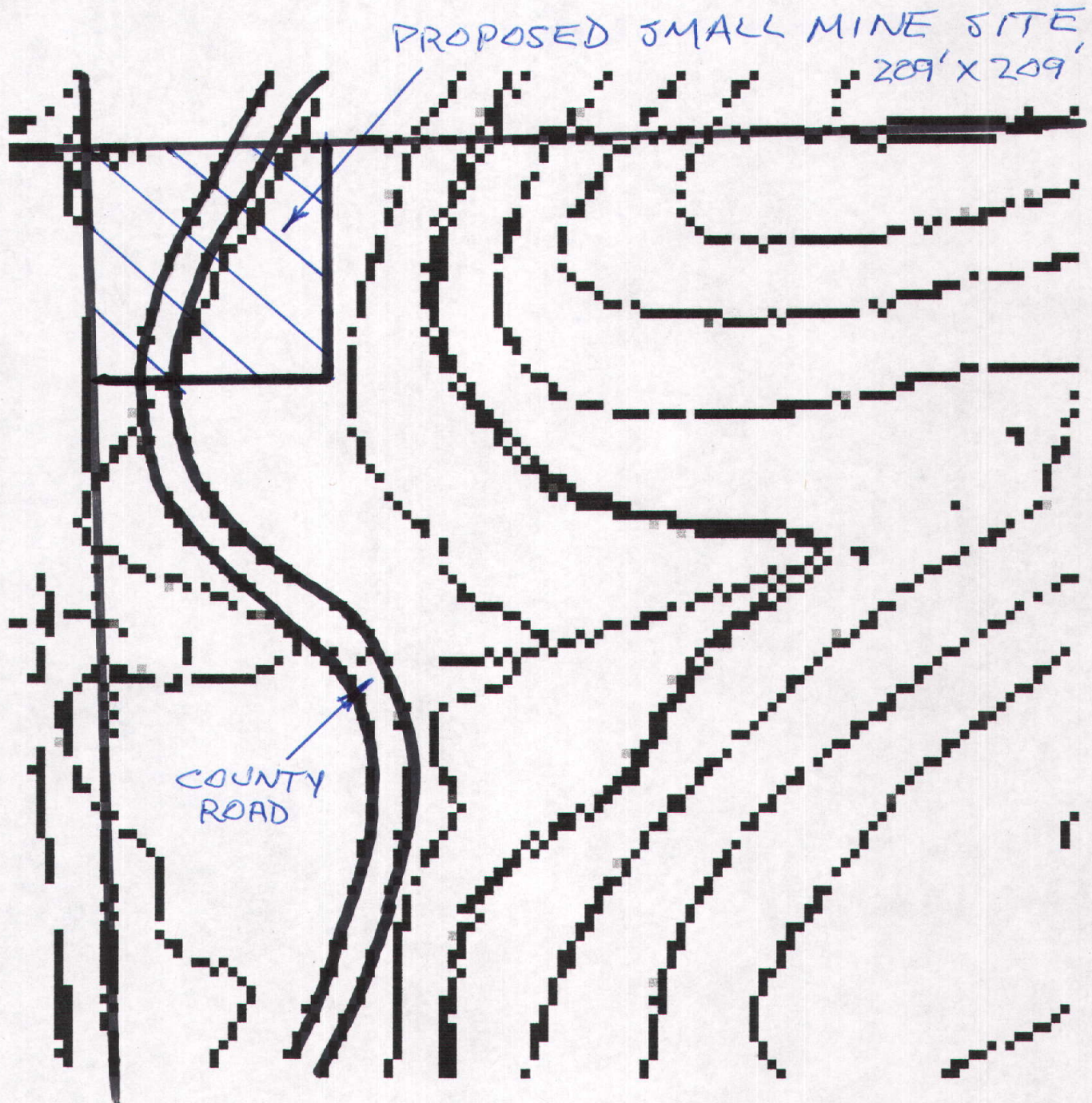
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BLACK SANDS 47278



Scale 1" = 135'

Black Sand 47278 Mine Site

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